



DEPARTMENT OF DEFENSE

Office of the Secretary

TRICARE Expansion of the Department of Defense and Department of Veterans Affairs Hearing Aid Ordering Model to Private Sector Care for Active Duty Service Members Receiving Care through the Supplemental Health Care Program

AGENCY: Office of the Assistant Secretary of Defense for Health Affairs, Department of Defense (DoD).

ACTION: Notice of demonstration project.

SUMMARY: The Acting Assistant Secretary of Defense for Health Affairs (ASD(HA)) issues this notice of demonstration to authorize the Defense Health Agency (DHA) to expand the DoD and Department of Veterans Affairs (VA) Hearing Aid Program (HAP) utilized throughout the Military Health System to a limited segment of the private sector care network of the TRICARE Managed Care Support Contractors (MCSCs). The intent is to replicate, to the fullest extent possible, the VA's Community Care Network model for delivery of prescribed hearing aids and associated devices to Veterans, for Active Duty Service Members (ADSMs) receiving care through the Supplemental Health Care Program (SHCP) in designated states, as well as to qualifying Prime Active Duty Family Members (ADFMs) diagnosed with profound hearing loss. This demonstration will be effective for the period of two years and conducted in three tiered phases: Phase One covers ADSMs in the state of California from January 1, 2023 until the completion of the demonstration; Phase Two covers ADSMs in the state of Texas from January 1, 2024 until the completion of the demonstration; and Phase Three covers qualifying Prime ADFMs in the states of California and Texas from July 1, 2024 through completion of the demonstration). These changes are intended to standardize the hearing aid ordering process and reduce the cost variability for hearing aids and associated devices prescribed for treatment under TRICARE by private sector care providers in network.

DATES: This demonstration has an effective and implementation date of the January 1, 2023.

The demonstration authority will remain in effect until December 31, 2024, unless terminated or extended by the DoD via a subsequent Federal Register Notice. Phase One (ADSM in California) has a target effective date of care delivery of January 1, 2023. Phase Two (ADSM in Texas) has a target effective date of care delivery of January 1, 2024. Phase Three (qualifying Prime ADFM in California and Texas) has a target effective date of care of July 1, 2024. If the Acting ASD(HA), in collaboration with VA leadership, determines it would be appropriate to make expansion of the DoD-VA HAP permanent, the Acting ASD(HA) will follow-up with interim and final rulemaking, if required

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

A. Executive Summary

This notice is to advise all parties of a DHA demonstration project under the authority of Title 10, United States Code (U.S.C.), Section 1092, entitled “TRICARE Expansion of the Department of Defense and Department of Veterans Affairs Hearing Aid Procurement Model to Private Sector Care for Active Duty Service Members Receiving Care through the Supplemental Health Care Program and qualifying Prime Active Duty Family Members.” The demonstration will monitor whether cost variability can be decreased and efficiency increased using the DoD-VA HAP in the TRICARE MCSCs private sector care networks. The DoD Hearing Center of Excellence (HCE), in collaboration with the TRICARE Health Plan (THP) and the VA’s Denver Logistics Center (DLC) and Central Audiology Office, will conduct and evaluate a demonstration of the use of the VA National Hearing Aid and Wireless Systems contract for the purchase of hearing aids and associated devices prescribed for ADSMs and qualifying Prime

ADFM's seen by private sector care network audiologists in designated states. The proposed demonstration will help DHA assess whether use of these contracts will impact access to care, improve efficiency to care completion, decrease billing errors to increase cost avoidance for TRICARE and its beneficiaries, and improve patient experience in quality of care.

The demonstration will develop and evaluate a system for TRICARE MCSCs private sector care network audiologists to request hearing aids for ADSMs and qualifying ADFMs through a centralized audiology team supported by the DoD HCE. The devices will be ordered through the VA Remote Order Entry System (ROES), purchased from the VA via a DHA Military Interdepartmental Purchase Request (MIPR), and delivered to the prescribing audiologist's practice for fitting and dispensing to the beneficiary. This demonstration will integrate the Military and civilian health care systems per Section 705(c) of the National Defense Authorization Act for Fiscal Year 2017. Conducted under the purview of the DHA, it will be administered through the MCSCs (Health Net Federal Services (HNFS) and Humana Government Business (HGB), Inc. at time of publication) in three phases, applicable to ADSM beneficiaries receiving care authorized under the SHCP and qualifying Prime ADFMs. The DoD HCE will measure several outcome metrics, including but not limited to:

- Access to care for ADSMs and Prime ADFMs impact, positive or negative, by delivering care through this model, which will be measured through appointment data and shifts in number of providers available in demonstration states (ADSMs in California, Phase One; ADSMs in California and Texas, Phase Two, and qualifying ADFMs in California and Texas, Phase Three) vs. similarly sized non-demonstration states (Texas and Florida, Phase One; Florida, Phase Two, Florida; Phase Three).

Cost effectiveness will be measured by comparing:

- Financial costs incurred to THP for ADSMs and Prime ADFMs receiving audiology care in states excluded from Phases One, Two, and Three of the demonstration, to the cost incurred using this model, based on procedural coding and reimbursement data.

- Financial costs incurred to the VA under this model. The source of additional costs, opportunities for mitigation, and options for cost sharing between the Departments will be evaluated.
- Efficiency and convenience of the ordering system through the HCE centralized team and the VA DLC, by measuring the days elapsed between hearing aid evaluation visits, as billed, and the dispensing of hearing aids, as billed, in demonstration states vs non-demonstration states.

Patient satisfaction will be evaluated to determine positive or negative impacts of this program. Metrics will be based on patient questionnaire data through the Joint Outpatient Experience Survey (JOES) in Phase One, Two, and Three demonstration states compared to the JOES in non-demonstration states.

B. Background

Hearing aids and associated devices for ADSMs seen at military medical treatment facilities (MTFs) are more economically procured through interagency collaboration between the DoD HCE and the VA DLC. For ADSMs and qualifying Prime ADFMs receiving private sector care, audiologists order hearing aids and associated devices for these TRICARE beneficiaries directly from companies at a significant markup over the VA contract price.

The purchase of the same devices for ADSMs treated at MTFs has been economically achieved through collaboration between the DoD HCE and VA per DoD policy established in 2013 to formalize the DoD–VA hearing aid procurement collaboration originating in the mid-1990s. In October 2014, the DoD issued policy authorizing referral of ADSMs to network audiologists when the ADSM either resides outside the catchment area or the specific audiology service is unavailable at their assigned MTF. Private sector care network audiologists prescribe and order hearing aid devices and accessories, when indicated for treatment, for their ADSM and qualifying ADFM patients, directly from companies at a significant markup over the VA contract price. In April 2018, the Office of the Secretary of Defense Chief Management Officer-led

Reform Management Group endorsed exploration of a DoD–VA hearing aid procurement expansion initiative as a component of the Acting ASD (HA) approved THP Reform Implementation Plan.

C. Authority

Use of TRICARE private sector care providers for ADSMs is authorized by 10 U.S.C. 1074(c) (1), as implemented by 32 CFR 199.16 through the SHCP. Subject to special rules specified in 32 CFR 199.16(d) or waivers authorized in paragraph 199.16(f), neither of which apply to DoD providing hearing aids through the VA ROES, ADSM hearing aids are currently provided by TRICARE private sector care providers and reimbursed under the SHCP. Hearing aids for qualifying Prime ADFMs are currently provided by TRICARE private sector care providers and reimbursed under 32 CFR 199.4(e)(24). Authority under 10 U.S.C. 1092 will have to be exercised to authorize this hearing aid pilot as a demonstration to test the efficient and economical delivery of hearing aids through the TRICARE private sector care program.

D. Description

The two-year demonstration will be conducted in three phases (Phase One and Two expanding annually; Phase Three six months after commencement of Phase Two) for ADSMs and qualifying Prime ADFMs meeting the criteria for profound hearing loss according to TRICARE law and policy to receive hearing aids and associated devices through private sector care audiologists in network in the state of California (Phase One), followed by the addition of ADSMs in the state of Texas (Phase Two), and qualifying Prime ADFMs in both states in Phase Three. Mandatory participation in utilizing the procedures established with TRICARE MCSCs will be required of all private sector care network audiologists prescribing hearing aids and associated devices for ADSMs and Prime ADFMs during the timeframe of this demonstration, in accordance with the provider's geographical area of state licensure during the applicable phase. It will require no changes to the manner in which audiology services, hearing aids, and their associated accessories are delivered to the beneficiary. Approximately one-third of the

audiology private sector care network providers in the states of California and Texas bundle the cost of a hearing aid and related services, while two-thirds bill for the hearing aid devices, and separately bill for the related services (e.g. hearing aid dispensing, fitting, and programming). Under this demonstration the providers will not be responsible for the cost of the hearing aids and associated devices that are a TRICARE benefit under the SHCP for ADSM beneficiaries, and special benefit for Prime ADFMs under 32 CFR 199.4(e)(24); therefore, those who bundle their care episodes will be required to unbundle their billing. The contract changes will apply to the audiologists in the HNFS and HGB TRICARE networks. The MCSCs will provide education to, and receive acknowledgement of acceptance by, all network audiologists regarding process and reimbursement differences prior to the effective implementation date of each phase of the demonstration.

Through the current process for ordering and reimbursement, the audiologist orders the prescribed hearing aids and associated accessories (hereafter referred to as “devices”) directly through the device manufacturer and delivers the hearing aids to the ADSM or ADFM. The audiologist then bills HGB or HNFS a bundled fee that includes a markup for the devices and the estimated cost of services that will be required over the life of the hearing aid (e.g., follow-up visits, repairs). Through the DoD–VA HAP demonstration, the devices will be ordered by the dispensing audiologist through audiologists at the HCE, to the DLC, which processes all VA contract orders for these devices. During this demonstration, the HCE audiologists will use the existing centralized MIPR within DHA to commit funds to the order in the ROES. The devices will then be delivered directly to the dispensing audiologist’s practice in order to dispense to the beneficiary and continue follow-up care. HGB and HNFS will continue to reimburse the in-network audiologists for all covered benefits for eligible ADSMs and Prime ADFMs. For all hearing aid services, prescribed Common Procedural Terminology (CPT) code will be provided for use by the audiologists to ensure appropriate reimbursement for the services rendered.

Health care received within the demonstration will match the current TRICARE PRIME benefit for ADSMs authorized through the SHCP, and Prime ADFMs authorized in the Prime benefit.

E. Communications

The DHA will proactively educate audiologists, beneficiaries, and other stakeholders about this change through the TRICARE MCSCs. Provider engagement will commence following the publication of this notice. Materials will explain the demonstration benefit and the process changes to the network audiologists and beneficiaries as applicable.

F. Evaluation

This demonstration will assist the DHA in determining the program's future course of action based on an in-depth analysis. This will include at a minimum: determination if the use of the existing VA hearing aid purchase contract by DoD is an effective approach for ADSMs and qualifying Prime ADFMs who receive hearing aid services in the TRICARE network; measurement of the program's effectiveness in reducing cost variation; the maintenance of access to care; Defense Health Program cost avoidance, with measured cost increases for the VA; and subjective quality of care assessment from patient feedback. Monthly reports and a full analysis of the demonstration outcomes will be conducted throughout and for each phase of the demonstration to monitor the access to care, financial costs incurred, and program effectiveness.

Costs and performance will be analyzed by the DoD HCE and compared to previous periods of the demonstration. Additionally, to measure overall impact, the California and Texas markets will be compared to markets of similar size, such as Florida, taking into account previously fluctuating trends in all three markets with regard to the number of network audiologists, financial costs incurred, and number of ADSM and Prime ADFM patients fit with these devices.

Access to care will be measured using encounter data, showing the time between the hearing aid evaluation and the dispensing of the devices to the patient, as billed through CPT Codes, comparing the average time per patient in California and Texas to average time per

patient in the non-demonstration states of Texas and Florida (Phase One), and Florida (Phases Two and Three). Cost effectiveness will be measured by comparing: (1) financial costs incurred to DHP for ADSMs receiving audiology care in states excluded from Phases One, and Two, and ADFM in states excluded from Phase Three of the demonstration, to the cost incurred using this model, based on procedural coding and reimbursement data, and; (2) financial costs incurred to the VA under this model. The source of additional costs, opportunities for mitigation, and options for cost sharing between the Departments will be evaluated. Program effectiveness will be measured by the established workflow for the receipt of orders by the HCE audiologists, the continued service of the contracted audiologists (i.e., audiologists elected to continue as network audiologists even after implementation of this process), time between ordering and dispensing the device, and decrease in costs of billed devices. Quality of care will be assessed through patient satisfaction data from the JOES.

The DHA Director reserves the right to terminate the demonstration early if the enrollment, cost, or quality do not support continuation of the demonstration. Based on the success of this program within MTFs and the VA Community Care Network, DHA will seek regulatory action to implement the program in the TRICARE private sector program concurrent with the demonstration. If the demonstration is successful, the DHA Director may recommend extension of the demonstration pending regulatory action. If regulatory action is successful and accomplished prior to the demonstration completion, the DHA Director reserves the right to terminate the demonstration and implement the program throughout the TRICARE private sector program.

G. Reimbursement

Under this demonstration the providers will not be responsible for the cost of the hearing aids and associated devices that are a TRICARE benefit under the SHCP for ADSM beneficiaries and Prime benefit for qualifying Prime ADFMs; therefore, those who bundle their care episodes will be required to unbundle their billing. The contract changes will apply to the audiologists in MCSC TRICARE networks in the demonstration states. MCSCs will continue to

reimburse the in-network audiologists for all covered benefits for eligible ADSMs and qualifying Prime ADFMs. For all hearing aid services, prescribed CPT codes will be provided for use by the audiologists to ensure appropriate reimbursement for the services rendered.

H. Implementation

The demonstration is effective January 1, 2023, continuing for a duration of two years: Phase One (ADSM in California) has a target effective date of care delivery of January 1, 2023; Phase Two (ADSM in Texas) has a target effective date of care delivery of January 1, 2024; and Phase Three (ADFM in California and Texas) has a target date of delivery of care of July 1, 2024. If successful, the Director, DHA, may recommend extension of the demonstration until appropriate necessary action has been taken to implement the program in the TRICARE private sector care program.

Dated: September 13, 2022.

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Alternate OSD Federal Register Liaison Officer,
Department of Defense.

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